

Message Text

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C O N F I D E N T I A L ATHENS 2776

E.O. 11652: GDS

TAGS: EFIN, MASS, GR

SUBJECT: GREEK MILITARY PAYMENTS DUE U.S.

REF: STATE 067993; HIRSHORN-BENEDICK TELCON

1. IN FURTHER DISCUSSIONS THIS WEEK BY ECONOMIC COUNSELOR AND JUSMAGG REPRESENTATIVE WITH UNDER SECRETARY KONTOTHEODIS (MINISTRY OF COORDINATION AND PLANNING) AND GREEK MILITARY, THE APPARENT DISCREPANCY ON FMS DEBT SERVICE DUE TO THE U.S. WAS LARGELY RECONCILED ON THE BASIS OF THE LOWER USG FIGURES PROVIDED IN REFTEL. AS HAD BEEN SUSPECTED, THE MUCH LARGER FIGURES OCCASIONALLY USED IN THE RECENT PAST BY HIGH-RANKING GOG OFFICIALS INCLUDED TOTAL PAYMENTS DUE TO THE U.S. UNDER ALREADY SIGNED CONTRACTS AND NOT MERELY DEBT SERVICE DUE.

2. SPECIFICALLY, FOR CY 1975, THE GOG SHOWS FOREIGN EXCHANGE OBLIGATIONS TO THE U.S. TOTALING \$243.2 MILLION, COMPRISED OF (A) \$163.2 MILLION FOR MILITARY CAPITAL GOODS ITEMS THROUGH FMS CREDIT AND COMMERCIAL SALES; (B) \$58.8 MILLION ESTIMATED FOR MILITARY SPARE PARTS, LOGISTICAL SUPPORT AND TRAINING,; AND (C) DEBT SERVICE PAYMENTS DUE ON PRIOR LOANS (PRINCIPAL AND INTEREST) TO PRIVATE BANKS \$8.4 MILLION, TO USG \$12.8 MILLION.

3. THE \$163.2 CAPITAL GOODS OBLIGATION IS IN ADDITION TO CREDITS ALREADY RECEIVED UNDER THE FY1975 FMS PROGRAM.

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THE \$163.2 MILLION WILL BE FINANANCED PARTLY BY (A) A \$15

MILLION CARRYOVER FROM THE \$71 MILLION FY 1975 FMS ALREADY APPROVED; (B) THE \$16 MILLION REQUESTED SUPPLEMENT TO THE FY 1975 FMS PROGRAM; AND (C) DISBURSEMENTS IN CY 1975 FROM THE FY 1976 FMS PROGRAM.

4. ITEM IN PARA 2 (B) ABOVE IS TRADITIONALLY FINANCED BY GOG. IS THERE ANY LEGAL PROHIBITION TO USG FINANCING PART OR ALL OF THIS?

5. WITH RESPECT TO THE \$12.8 MILLION DEBT SERVICE DUE TO USG (PARA 2 (C) ABOVE), GOG DATA BREAKS THIS DOWN AS FOLLOWS: (A) \$5.8 MILLION INTEREST PAYMENTS ON THE F-4E 1972-75 LOANS; (B) \$3.0 MILLION PRINCIPAL AND INTEREST ON THE 1969 DIRECT CREDIT; AND (C) \$4.0 MILLION PRINCIPAL AND INTEREST ON THE 1971 DIRECT CREDIT.

6. TURNING TO FY 1976, GOG SHOWS FOREIGN EXCHANGE OBLIGATIONS TO THE U.S. TOTALING \$305 MILLION, COMPRISED OF (A) \$205 MILLION MILITARY CAPITAL GOODS PURCHASES; (B) \$70.5 MILLION SPARES/LOGISTICAL; AND (C) DEBT SERVICE PAYMENTS OF \$10.6 MILLION TO PRIVATE BANKS AND \$18.9 MILLION TO USG. LATTER FIGURE BREAKS DOWN AS FOLLOWS: (A) \$10.9 MILLION PRINCIPAL AND INTEREST ON F-4 E PROGRAM; (B) \$8.0 MILLION PRINCIPAL AND INTEREST ON 1969 AND 1971 DIRECT CREDITS.
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